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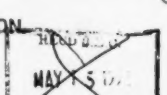
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549



FORM 10-Q

(Mark one)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 1992

M92-2230

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

A.R.S. & M.D.

BEST COPY AVAILABLE

Commission file number 0-18779

PAC RIM HOLDING CORPORATION

(Exact name of registrant as specified in its charter)

PROCESSED BY
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MAY 18 1992

DELAWARE	95-4105740
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

Microfilmed by Q-Data Corp. - St. Petersburg, FL

6200 CANOGA AVENUE, WOODLAND HILLS, CALIFORNI[illegible] 91367

(Address of principal executive offices) (Zip Code)

C3Q

(818) 226-6200

(Registrant's telephone number, including area code)

16030 VENTURA BOULEVARD, SUITE 400, ENCINO, CALIFORNIA 91436 (Former address)

(Former name, former address, former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No___

The number of shares of Registrant's Common Stock, $.01 par value, outstanding as of May 11, 1992, was 9,521,200.

Exhibit Index appears on Page 12 of 13 sequentially numbered pages.

PAC RIM HOLDING CORPORATION

INDEX TO FORM 10-Q

Part I. FINANCIAL INFORMATION

		Page No.
Item 1.	Financial Statements:	
	Consolidated Balance Sheets March 31, 1992 (Unaudited) and December 31, 1991	3
	Consolidated Statements of Income Three months ended March 31, 1992 and 1991 (Unaudited)	4
	Consolidated Statements of Cash Flows Three months ended March 31, 1992 and 1991 (Unaudited)	5
	Notes to Unaudited Consolidated Financial Statements	6
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	7

Part II. OTHER INFORMATION

Item 1.	Legal Proceedings	10
Item 6.	Exhibits and Reports on Form 8-K	10
	Signatures	11

PAC RIM HOLDING CORPORATION AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS

	March 31, 1992 (Unaudited)	December 31, 1991
ASSETS		
Investments:		
Bonds, at amortized cost (market $108,087,781 and $101,470,839)	$106,634,018	$98,520,100
Invested cash (at cost which approximates market)	3,774,703	4,853,304
Certificates of deposit	125,000	125,000
Total investments	110,533,721	103,498,404
Cash	333,051	581,837
Premiums receivable, less allowances for doubtful accounts of $421,263 and $346,263	21,270,079	19,244,349
Earned but unbilled premiums	9,172,733	8,273,733
Investment income receivable	2,656,446	2,583,685
Deferred policy acquisition costs	1,704,970	1,483,480
Property and equipment, less accumulated depreciation and amortization of $823,325 and $727,786	1,604,065	1,135,416
Deferred income taxes	6,876,020	6,253,712
Federal income taxes recoverable	1,021,906	---
Other assets	2,303,846	1,655,956
	$157,476,837	$144,710,572
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities		
Reserve for losses & loss adjustment expenses	$95,476,642	$86,701,569
Unearned premiums	11,086,168	9,451,027
Reserve for policyholders' dividends	3,707,620	3,505,682
Accrued expenses and accounts payable	5,153,983	3,529,317
Other liabilities	432,055	374,652
Income taxes payable	---	495,929
Total Liabilities	115,856,468	104,058,176
Stockholders' Equity		
Preferred stock:		
$.01 par value--shares authorized 500,000; none issued and outstanding	---	---
Common stock:		
$.01 par value--shares authorized 15,000,000; issued and outstanding 9,515,700 at March 31, 1992 and at December 31, 1991	95,157	95,157
Additional paid-in capital	29,603,590	29,603,590
Retained earnings	11,921,622	10,953,649
Total Stockholders' Equity	41,620,369	40,652,396
	$157,476,837	$144,710,572

See notes to unaudited consolidated financial statements.

PAC RIM HOLDING CORPORATION AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

	Three Month Period Ended March 31,	
	1992	1991
REVENUES:		
Net premiums earned	$ 32,109,450	$ 21,519,852
Net investment income	1,465,894	875,325
Total revenue	33,575,344	22,395,177
COST AND EXPENSES:		
Losses and loss adjustment expense incurred	24,993,975	15,173,545
Amortization of policy acquisition costs–net	3,935,961	2,929,427
Administrative, general and other	2,821,578	1,849,951
Policyholders' dividends	646,000	719,332
Total costs and expenses	32,397,514	20,672,255
Income before taxes on income	1,177,830	1,722,922
Taxes on income	209,857	296,103
NET INCOME	$ 967,973	$ 1,426,819
Per share data:		
Net income	$ 0.10	$ 0.20

See notes to unaudited consolidated financial statements.

PAC RIM HOLDING CORPORATION AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOW (UNAUDITED)

	Three Months Ended March 31,	
	1992	1991
OPERATING ACTIVITIES		
Net income	$967,973	$1,426,819
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	95,539	73,300
Provision for losses on accounts receivable	75,000	75,000
Changes in:		
Reserve for losses and loss adjustment expenses	8,775,073	5,814,589
Unearned premiums	1,635,141	2,188,070
Reserve for policyholders' dividends	201,938	514,044
Funds held by reinsurance company	---	(934,594)
Ceded reinsurance payable	---	(230,144)
Premiums receivable	(2,999,730)	(4,197,514)
Deferred policy acquisition costs	(221,490)	(330,214)
Other liabilities	57,403	195,214
Income taxes payable	(495,929)	(1,165,533)
Deferred income taxes	(622,308)	(308,365)
Federal income taxes recoverable	(1,021,906)	---
Accrued expenses and accounts payable	1,624,666	(501,966)
Investment income receivable	(72,761)	(463,286)
Other assets	(647,890)	311,213
NET CASH PROVIDED BY OPERATING ACTIVITIES	7,350,719	2,466,633
INVESTING ACTIVITIES		
Additions to property and equipment	(564,188)	(146,463)
Purchase of investments	(10,320,309)	(12,734,830)
Maturity of investments	2,206,391	1,090,875
NET CASH USED IN INVESTMENT ACTIVITIES	(8,678,106)	(11,790,418)
FINANCING ACTIVITIES		
Net proceeds from issuance of common stock	---	20,502,000
NET CASH PROVIDED BY FINANCING ACTIVITIES	---	20,502,000
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,327,387)	11,178,215
Cash and cash equivalents at beginning of period	5,560,141	15,284,842
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$4,232,754	$26,463,057

See notes to unaudited consolidated financial statements.

PAC RIM HOLDING CORPORATION AND SUBSIDIARY

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

March 31, 1992

NOTE A – BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements of Pac Rim Holding Corporation (the "Company") and its subsidiary, The Pacific Rim Assurance Company, have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three month period ended March 31, 1992 are not necessarily indicative of the results that may be expected for the year ending December 31, 1992. For further information, refer to the consolidated financial statements for the year ended December 31, 1991, and footnotes thereto, included in the Company's Annual Report on Form 10-K for the year ended December 31, 1991.

NOTE B – STOCKHOLDERS' EQUITY

The Company issued additional shares of common stock through an initial public offering in March 1991. Net proceeds from the offering, after deducting $799,550 of expenses incurred in conjunction with the offering, were $20,294,200.

NOTE C – EARNINGS PER SHARE

Earnings per share is based upon the weighted average number of common shares outstanding during each period. Stock options are common stock equivalents, and are included in the calculation of the weighted average number of shares as of the date of grant. The number of shares used in the three month periods ended March 31, 1992 and 1991 in the computation of earnings per share are 9,692,629 and 7,138,988, respectively.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of Operations

For the three months ended March 31, 1992 compared to the three months ended March 31, 1991.

Net premiums earned increased 49% to $32,109,000 for the three months ended March 31, 1992 from $21,520,000 for the three months ended March 31, 1991. The growth in net earned premiums was due to the 18% increase in new policyholders and an increase in the average policy size of 27%.

Net investment income increased 67% to $1,466,000 for the three months ended March 31, 1992 from $875,000 for the like period in 1991. This increase was attributable to an increase in assets available for investment resulting from cash flow from operations during the past three months of $7.4 million, as well as the net proceeds of $20.3 million from the Company's initial public offering in March, 1991.

The loss ratio increased to 77.8% for the three months ended March 31, 1992 from 70.5% for the three months ended March 31, 1991 as a result of a higher level of reported claims during the first quarter of 1992, related both to prior-year and current-year claims. The Company's loss experience includes a higher frequency of claims related to the adverse economic conditions in Southern California. An increased level of claims in future periods, related to a continued weak economy in California, could adversely impact results of future operations.

Underwriting expenses increased 41% to $6,758,000 for the three months ended March 31, 1992 from $4,779,000 for the period ended March 31, 1991. The underwriting expense ratio for the three months ended March 31, 1992 decreased to 21.1% from 22.2% for the comparable period in 1991.

The policyholder dividend ratio for the three months ended March 31, 1992 decreased to 2.0% from 3.4% for the period ended March 31, 1991 reflecting management's assessment of an appropriate accrual level of policyholder dividends in light of increased loss experience. In determining appropriate policyholder dividend accrual levels, the Company analyzes competitive factors related to quality of service, loss prevention, claims management and cost control, and adequacy of premium rates, as well as its own underwriting results.

In December 1991, the California Insurance Commissioner granted a 1.2% average rate increase effective January 1, 1992. The California Workers' Compensation Rating Bureau had requested an average rate increase of 11.9%. The Company believes the 1.2% rate increase is inadequate. Failure of the California Insurance Commissioner to grant adequate rate increases in the future could adversely affect the Company's profitability.

Income before taxes on income decreased 32% to $1,178,000 for the three months ended March 31, 1992 from $1,723,000 for the three months ended March 31, 1991, principally due to the higher loss ratio, offset in part by the lower underwriting expense and policyholder dividend ratios. The effective federal income tax rates for the three months ended March 31, 1992 and 1991 were 18% and 17% respectively. These rates are below the federal statutory rate of 34% primarily due to the Company's tax-exempt investment portfolio. The Company's effective tax rate will vary depending on the proportion of the Company's investment portfolio

that is invested in tax-exempt securities. At March 31, 1992, the Company has an alternative minimum tax credit of $765,000 for financial reporting purposes and none for tax purposes. Alternative minimum tax credits may be carried forward indefinitely to offset future regular tax liabilities. Net income decreased 32% to $968,000 for the three months ended March 31, 1992 from $1,427,000 for the comparable period in 1991.

The Company's experience indicates an increase in the number of claims that it believes are related to adverse economic conditions, which include "stress and strain" claims that do not involve traumatic physical loss or injury. Such claims are a relatively recent phenomenon to the industry and the Company and are difficult to evaluate, since limited settlement history exists to evaluate appropriate reserve estimates. Should adverse economic conditions and the related claims persist, the Company believes that future profitability could be adversely affected.

The Company continues to monitor the sufficiency of its reserves, and depending on general economic circumstances and actual claims experience, the Company may determine to increase the level of its reserves in future periods.

The California Workers' Compensation Reform Act of 1989 (the "Reform Act"), which became effective January 1, 1990, affects many areas of the workers' compensation system in California, including increasing maximum temporary disability benefits by 50% over a two-year period beginning January 1, 1990. The Reform Act increases death benefits, vocational rehabilitation maintenance allowances and certain permanent partial disability benefits. The Company cannot determine at this time whether the implementation of the Reform Act provisions over time will materially impact the Company's growth or profitability.

Liquidity and Capital Resources

Pac Rim Holding Corporation (Pac Rim Holding) was organized in May 1987 and has been capitalized from sales of the Company's Common Stock. Pac Rim Holding is dependent on dividends from The Pacific Rim Assurance Company (Pacific Rim Assurance) for operating funds. Without the prior approval of the California Insurance Commissioner, subject to certain limitations, Pacific Rim Assurance may only pay in any 12-month period dividends and distributions in an amount up to the greater of net investment income from the preceding calendar year or 10% of policyholders' surplus as of the end of the preceding year. Pacific Rim Assurance can pay dividends of approximately $4,941,000 to Pac Rim Holding in 1992, without such prior approval. During the first quarter of 1992, Pacific Rim Assurance paid a dividend of $300,000 to Pac Rim Holding.

The Company believes that Pacific Rim Assurance will realize positive cash flow from operating activities and will be able to meet its requirements for both claim payments and expenses. The Company's cash flow provided from operating activities for the three months ended March 31, 1992 and 1991 were $7,351,000 and $2,467,000 respectively.

The Company's investments consist primarily of tax-exempt investment grade securities and insured certificates of deposit. The Company has not invested in equity securities, high-yield debt securities, or mortgage loans. Pursuant to California law, Pacific Rim Assurance had, at March 31, 1992, securities with a market value of $59,405,000 held by an authorized depository.

Effects of Inflation

Inflation can be expected to affect the operating performance and financial condition of the Company in several aspects. Inflation can reduce the market value of the investment portfolio. However, the current policy of Pacific Rim Assurance is to hold its investments to maturity. Inflation adversely affects the portion of reserve for losses and loss adjustment expenses (LAE) which relates to hospital and medical expenses, as these expenses normally increase during inflationary periods (and in recent years have increased at a greater rate than prevailing inflation). The liabilities for losses and LAE, relating to indemnity benefits for lost wages are not directly affected by inflation, as these amounts are established by statute. To the extent that the reserve for losses and LAE and claim payments have increased as a result of inflation, premium rates in prior years historically increased by operation of the rate setting process, which process establishes the minimum rates in effect in California. However, as stated in Results of Operations, above, no assurance can be given that rate changes will keep pace with inflation. Another result of inflation is an expected escalation of wages paid to employees. To the extent that wages increase, premium revenues will proportionately increase since rates are based on the employer's payroll. Since May 12, 1987, the Company's inception, the Company believes that the effect of inflation on the Company has not been material.

Recent Accounting Pronouncements

In February 1992, the Financial Accounting Standards Board ("FASB") issued Statement 109, "Accounting for Income Taxes." This statement requires that deferred income taxes must be computed using the liability method rather than the deferred method previously in effect and the statement requires implementation in 1993. The Company has evaluated the effect of adopting this statement and believes that, when adopted in 1993, it will not have a material adverse effect on its financial position or results of operations.

In December 1990, the FASB issued Statement 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions." This statement requires that the cost of postretirement benefits other than pensions is to be recognized over the related employee service period, and this statement requires implementation in 1993. The Company has evaluated the effect of adopting this statement and believes that, when adopted in 1993, it will not have a material adverse effect on its financial position or results of operations.

Part II. OTHER INFORMATION

Item 1. Legal Proceedings

On April 2, 1992, a lawsuit captioned Warren Reeder vs. Pac Rim Holding Corp., Stanley Braun, and P.W. Souza, Case Number CV-92 2017 RSWL (SX), was filed in the United States District Court for the Central District of California. The lawsuit alleges securities fraud in connection with the Company's February 13, 1992 preliminary announcement of earnings and the March 31, 1992 announcement of reduced net income. The plaintiff has requested certification of a class action and has requested unspecified compensatory damages and costs and expenses including attorneys' fees. On May 13, 1992, the Company and Messrs. Braun and Souza filed a motion to dismiss the lawsuit for failure to state a claim. The Company also filed a motion requesting the court to order the plaintiff and his counsel to pay the defendants' reasonable attorney's fees and costs in responding to the complaint. The motion alleges that plaintiff and his counsel failed to conduct a reasonable inquiry to determine if their federal securities fraud class action complaint was well grounded in fact and warranted by existing law.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

(11) Statement re: Computation of Per Share Earnings

(b) Reports on Form 8-K

No reports on Form 8-K were filed during the quarter ended March 31, 1992.

SIGNATURES

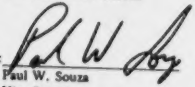
Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Pac Rim Holding Corporation

May 14, 1992

By:
Stanley Braun
President
Chief Executive Officer

May 14, 1992

By: 
Paul W. Souza
Vice President
Chief Financial Officer
(Principal Financial Officer)

May 14, 1992

By:
Robert B. Henderson
Controller
(Chief Accounting Officer)

INDEX TO EXHIBITS

Exhibit Number	Description	Sequentially Numbered Page
11	Statement Re: Computation of Per Share Earnings	13

EXHIBIT 11

PAC RIM HOLDING CORPORATION

STATEMENT RE: COMPUTATION OF PER SHARE EARNINGS
(Amounts in thousands, except per share data)

	Three Month Period Ended March 31,	
	1992	1991
PRIMARY		
Average shares outstanding	9,516	6,960
Net effect of dilutive stock options	177	179
TOTAL	9,693	7,139
Net income	$ 968	$ 1,427
Per share amounts:		
Net income	$ 0.10	$ 0.20